

Suitability

Kevin Hatton, Program Analyst, provided an overview of the suitability requirements for the e-services application process. Suitability is done to protect taxpayers and their information. Kevin stated that suitability checks are performed on the firm as well as on all principals and responsible officials listed on application. The suitability process can take up to 45 days.

Suitability checks include:

- Tax Filing and payment history
- Fraud or preparation problems
- Criminal Background Checks - Fingerprint cards are sent to the FBI for a criminal history background check. We focus on monetary crimes, breach of trusts, and lack of fiduciary integrity. A credit history check may also be performed.
- Past performance in IRS e-file programs

Suitability is conducted when you:

- 1) Submit your application; and
- 2) Throughout the year based on information contained in Publication 1345 and 3112

After you pass suitability you will receive a letter of acceptance.

Kevin stated that last year, Andover Service Center processed approximately 29,000 new applications.

Over 7,000 revised applications have been received during this application period.

3% of new applications failed the suitability check process.

Failure to file tax returns and/or pay tax liabilities are the main reasons for denial or suspension from the IRS e-file program.

Kevin stated that you have appeal rights if you are suspended from the program. The IRS sends out a letter of inquiry to give you an opportunity to stay in program.

Questions and Answers:

Q1: Will business filers be grandfathered into the e-file program?

A1: If you are a current partner or business e-file participant, i.e., you e-file Forms 1065, 941, or 940, you will be grandfathered into the e-file program and

will not be subject to initial suitability. These applicants must reapply but will not have to submit fingerprint cards or proof of professional status.

Q2: When will the decision be made for having e-file applications up and ready for use?

A2: August 2003- but if not we have a contingency plan. As soon as we know, we will send out information. IRS is aware we need to get the information out.

Q3: Who in the firm should be responsible for suitability?

A3: Those who are listed on the Form 8633 as principals and responsible officials of the firm.

Q4: Is there someone at the IRS we can call to find the status of ERO suspensions?

A4: Call the Andover Service Center e-help desk at 1-866-255-0654. They can tell you who was suspended but can't give out reasons why.

Q5: An ERO didn't get a letter and is receiving reject code 029 in the acknowledgment file. Please explain.

A5: Suitability is not the only reason for suspensions from the program – field visits, missing 8453's, other compliance issues, etc. A provider must notify us of any address and phone number changes within 30 days.